



DEPARTMENT OF HEALTH & HUMAN SERVICES

Program Support Center
Financial Management Service
Division of Cost Allocation

Cohen Building-Room 1067
330 Independence Avenue, S.W.
Washington, DC 20201
PHONE: (202)-401-2008
FAX: (202)-619-3379

November 14, 2008

Laketha M. Miller
Dept. of Health and Human Services
State of North Carolina
616 Oberlin Road
Raleigh, NC 27605

Dear Ms. Miller:

This is to advise you of the approval of Amendment 08-0 to the State of North Carolina Department of Health and Human Services Division of Public Health Cost Allocation Plan effective July 1, 2007.

In accordance with 45 CFR Part 95 Subpart E, this Approval is continuous until the allocation methods shown in the plan become out dated as a result of organizational changes within your department, legislative or regulatory changes, or a new plan is submitted by you. The regulations require that as a condition of receipt of Federal Financial Participation in administration services (excluding assistance and medical vendor payments and purchased services) and training for any quarterly period, the State's claim for expenditures must be in accordance with the Cost Allocation Plan on file and approved by the Director, Division of Cost Allocation, for that period. Amendments to your plan would be required for any changes indicated above. The sole responsibility for submitting proposed revisions rests with the State.

Approval of the Plan Amendment cited above is predicated upon the following conditions (1) that no costs other than those incurred pursuant to the approved State plan are included in claims to Department of Health and Human Services or other Federal Agencies and that such costs are legal obligations, (2) that the same costs that have been treated as indirect costs have not been claimed as direct costs, and (3) that similar types of costs have been accorded consistent treatment.

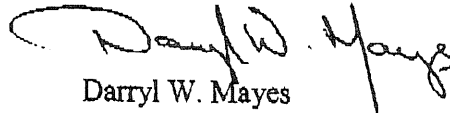
This approval presumes the existence of an accounting system with internal controls adequate to protect the interests of both the State and Federal Governments. This approval relates to the accounting treatment accorded the costs of your programs only, and nothing contained herein

should be construed to approve activities not otherwise authorized by approved program plans, Federal legislation or regulations.

The operation of the Cost Allocation Plan approved by this document may from time to time be reviewed by authorized Federal staff, including the Division of Cost Allocation, operating divisions, DHHS Office of Inspector General for Audit Services, the Department of Agriculture, the Department of Labor, and the General Accounting Office. The disclosure of inequities during such reviews may necessitate changes to the plan.

Please sign the original of this letter in the space provided to indicate your concurrence and return it to this office. In doing so, this letter becomes a part of the approved plan. If we may be of further assistance, please contact Christian Poole or me at (202) 401-2763.

Sincerely,



Darryl W. Mayes
National Director
Division of Cost Allocation

CONCURRENCE:

Laketha M. Miller
(Signature)

Laketha M. Miller

(Name)
Controller

NC Department of Health & Human Resources

(Title)

November 18, 2008

(Date)

cc: